

**SUMMARIZED MINUTES<sup>1</sup>**  
**SCOTTSDALE AUDIT COMMITTEE**  
**FRIDAY, SEPTEMBER 29, 2006**



**KIVA CONFERENCE ROOM, FIRST FLOOR, CITY HALL**  
**3939 NORTH DRINKWATER BOULEVARD**  
**SCOTTSDALE, AZ 85251**

**MEMBERS PRESENT:** Committee Member Ecton  
Committee Member Lane

**CITY STAFF PRESENT:** Cheryl Dreska, City Auditor  
Sonny Phillips, Assistant City Auditor  
Stella Fusaro, Sr. Internal Auditor  
Ramon Ramirez, Sr. Internal Auditor  
Gail Crawford, Internal Auditor  
Kyla Anderson, Audit Associate  
Marc Eisen, Director of Municipal Security/Police Facilities Management  
Lisa Murphy, Accounting Director  
Brad Hartig, Chief Information Officer  
Neal Shearer, Assistant City Manager  
John Cocca, Deputy Police Chief

Committee Member Ecton called the meeting to order at 11:10 a.m. Roll was taken with all members present.

Committee Member Lane made a motion to approve the July 18, 2006, minutes. Committee Member Ecton seconded the motion. The minutes were approved.

**GENERAL BUSINESS**

**Item 1** –Discussion on the Physical Access Keypad System Audit. Cheryl Dreska introduced Sonny Phillips, the auditor in charge for this audit. Mr. Phillips provided an overview, outlining the security controls in place. Homeland Security agreed with the conclusions. Mr. Phillips noted that some numbers in the report were found to be incorrect and changes were, therefore, necessary. He reviewed the changes and reported that staff would correct the report.

Committee Member Lane moved to accept the Physical Keypad Access System Report as changed. Committee Member Ecton seconded the motion. The motion carried.

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<sup>1</sup> In accordance with provisions of the Arizona Revised Statutes, these summarized minutes are not verbatim transcripts.

**Item 2** – Discussion on the Disposal of Surplus Hard Drives. Ms. Dreska indicated that Mr. Phillips was also the lead on this audit. Mr. Phillips provided an overview of the report. Committee Member Ecton inquired about surplus computers found not to contain a hard drive. Staff explained the procedures and physical controls in place that adequately address the risks. Committee Member Lane shared Committee Member Ecton's concerns about information security. Brad Hartig clarified that when the hard drives are removed from computers, they are put into stock for future reuse. In the future, when a unit is surplus, a note will be made in the asset management system that the hard drive was removed. Ms. Dreska indicated that for the next audit, staff should be able to go back to the inventory records and be able to check any units that were found not to contain a hard drive.

Committee Member Lane moved to accept the Disposal of Surplus Hard Drives Report. Committee Member Ecton seconded the motion. The motion carried.

**Item 3** - Ms. Dreska made a request to remove the Audit of Wireless Connectivity from the current Audit Plan, explaining that the recently completed vulnerability assessment looked at wireless connectivity as part of the assessment and gave the IS Department a clean bill of health. She stated that Mr. Phillips worked on the team for this project, there were no vulnerabilities found, and performing this audit would not add value. Committee Members requested to review the outside vendor reports on the vulnerability assessment. Ms. Dreska and Mr. Hartig noted the request and will agendaize the request for a future meeting.

Committee Member Lane made a motion to remove the Wireless Connectivity Audit from the current Audit Plan. Committee Member Ecton seconded the motion. The motion carried.

**Item 4 a.** - Ms. Dreska reported that the Fine Art Collection Audit has been concluded. Management is currently reviewing the draft report, which will be presented to the Committee at the meeting on October 17.

**Item 4 b.** - Ms. Dreska stated that the report on Controls Over Tracking Code Enforcement Citations and the Maintenance of the City Abatement Fund is in the final drafting stage and will be submitted for management review next week.

**Item 4 c.** - Ms. Dreska advised that the audit on the Cab Connection Program is in the final stages of preliminary survey.

**Item 4 d.** - Ms. Dreska reported that the Travel Expenditures Audit report is being drafted.

**Item 4 e.** - Ms. Dreska reported that sample results for the Procurement Card Audit are being compiled.

**Item 4 f.** – Ms. Dreska reported that the third random Cash Handling Audit was performed in Human Resources. As discussed previously, all random cash handling audits will be compiled into one report and brought to the Audit Committee at the end of the year.

**Item 4 g.** – Ms. Dreska requested that since the WestWorld Financial Audit was a City Council request, she would like to talk to other Councilmembers to ensure that the audit will meet their needs. Committee Members opposed this direction. Ms. Dreska will work through the Audit Committee.

Ms. Dreska introduced Ramon Ramirez, one of the auditors working on the WestWorld Financial Audit. Mr. Ramirez reported that staff are currently in the survey phase to gain background information and propose audit objectives.

**Agenda Item 5** - Ms. Dreska requested that an RFP be issued to have an outside vendor perform the audit of streetlights powered by SRP. In response to a question from Committee Member Lane, Ms. Dreska confirmed that part of the audit would include determining whether there is any overlap in maintenance provided by SRP and the City.

Committee Member Lane made a motion to approve obtaining services from an outside vendor to complete the Streetlight Audit. Committee Member Ecton seconded the motion. The motion carried.

**Agenda Item 6** - Ms. Dreska recommended following the 2006 approach to develop the 2007 Audit Plan by talking to management about items they would like to place on the Audit Plan.

Committee Member Lane suggested considering the issue of potential compliance with legal authorization on lease agreements. He noted that there is also a concern regarding what, if any, restrictions exist for building capital projects on land not owned by the City. Ms. Dreska will add these items to the list and speak with the City Attorney regarding the concerns.

Committee Member Ecton expressed agreement in utilizing the 2006 approach to develop the 2007 Audit Plan. He requested that audit items requested by City staff be identified on the list. Ms. Dreska stated that management items would be highlighted.

Committee Member Ecton congratulated Ms. Dreska and her staff on the logical and understandable way the reports are being written. Committee Member Lane concurred.

**PUBLIC COMMENTS** - None.

**COMMITTEE COMMENTS** - None.

With no further business to discuss, Committee Member Lane made a motion to adjourn the public meeting of the Audit Committee. Committee Member Ecton seconded the motion and the motion carried. The Audit Committee meeting was adjourned at 12:02 p.m.

Submitted by

Reviewed by

A/V Tronics, Inc.

Cheryl Dreska  
City Auditor